

PDS Multinational Fashions Limited



PDS/SE/2018-19/37

26th February, 2019

To

The General Manager, Corporate Service Department BSE Limited P. J Tower, Dalal Street, Fort, Mumbai-400001	The General Manager, Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051.
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Script Code/ID: **BSE: 538730**

NSE: PDSMFL;

SUB: Investor Presentation for the Quarter and Nine Months Ended 31.12.2018.

Dear Sir / Madam,

Please find attached herewith the Investor Presentation for the Quarter and Nine Months ended 31st December, 2018 for the financial update to Investors of the PDS Multinational Fashions Limited.

You are requested to please update the same and obliged.

Thanking you

For PDS Multinational Fashions Limited


B. Chandra Sekhara Reddy
Company Secretary & Head-Legal



Encl: as above



Q3 & 9M FY19 RESULT PRESENTATION

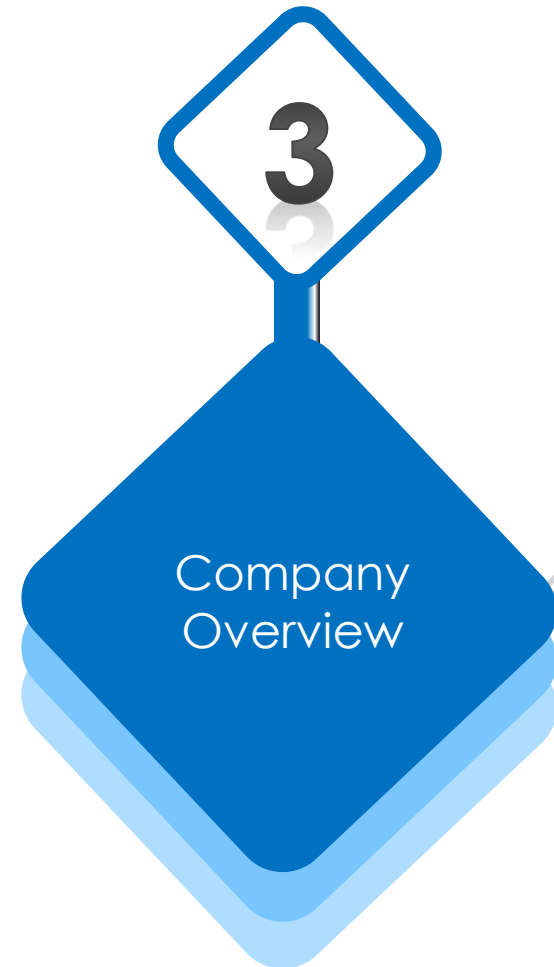
FEBRUARY 2019

PDS
MULTINATIONAL

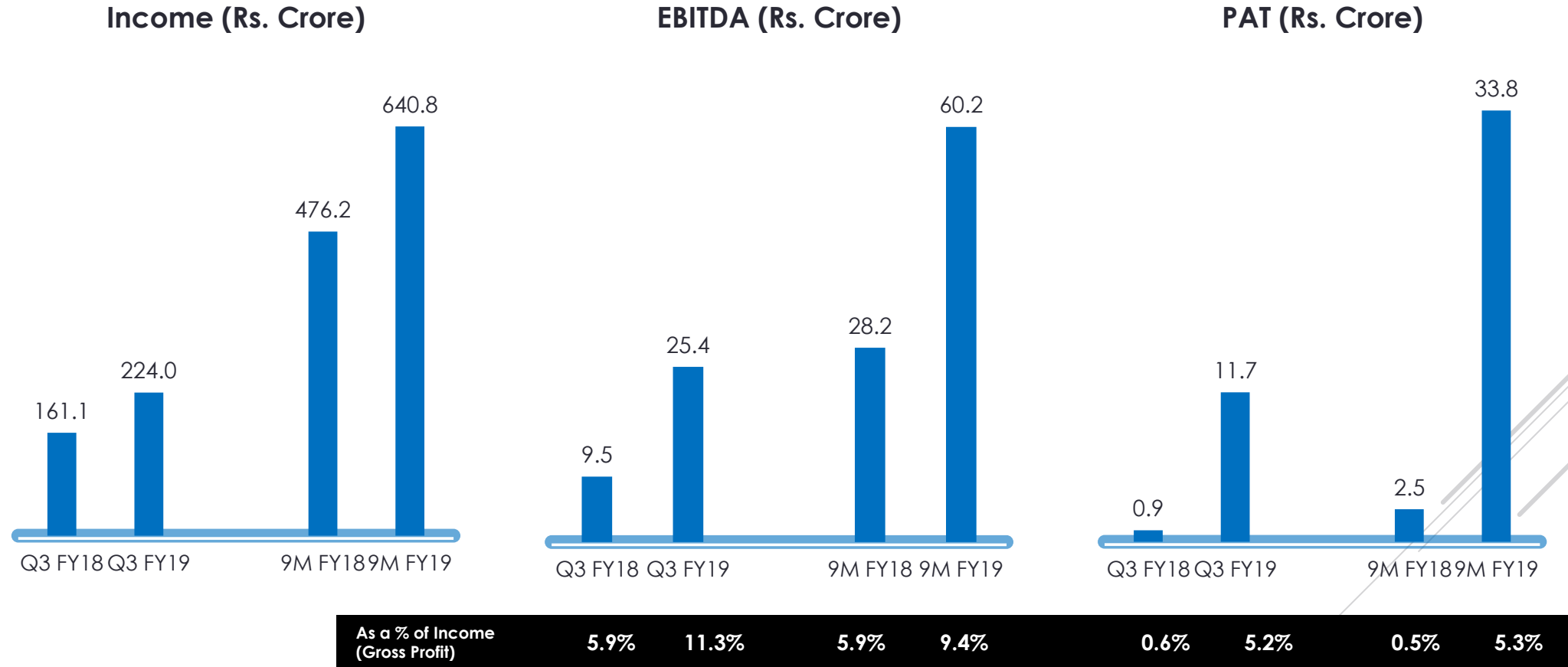
SAFE HARBOR

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. PDS Multinational Group will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances. Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions

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Q3 & 9M FY19 – CONSOLIDATED HIGHLIGHTS



Note: Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions.

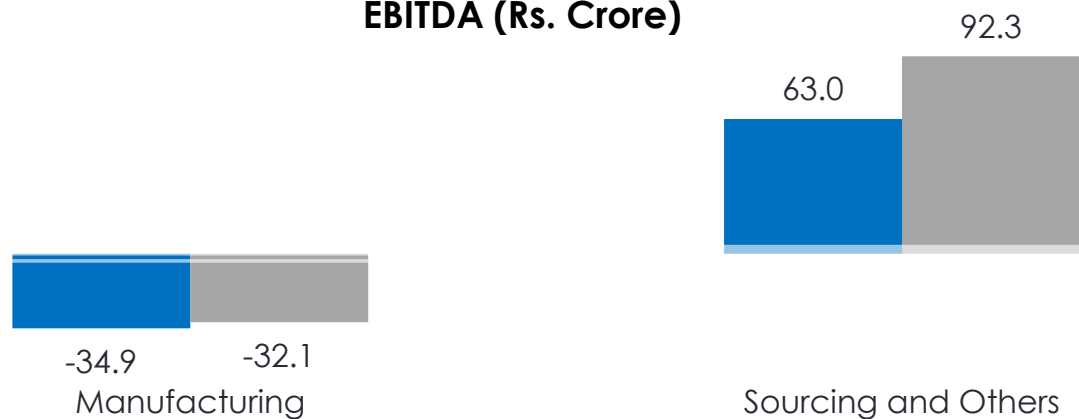
9M FY19 – BUSINESS PERFORMANCE

■ 9M FY18
■ 9M FY19

Total Operating Revenues (Rs. Crore)



EBITDA (Rs. Crore)



9M FY19

- Manufacturing business which started about 2 years ago is under its early stages and various initiatives under marketing, operations, training & development are being carried out to enhance the productivity and improve efficiency
- The 9M FY19 EBITDA loss of Rs. (32 Crore) is combined result from the manufacturing operations which recorded a Total Revenue of Rs. 109 crore net of segment adjustments if any.
- In Q3 FY19, EBITDA had a one-time impact of Rs. 5.2 crore on account of change in accounting standards in Bangladesh for capitalization of project expenses

ABRIDGED PROFIT & LOSS STATEMENT – CONSOLIDATED

Particulars (Rs. Crore)	Q3 FY19	Q3 FY18	GROWTH (Y-o-Y)	9M FY19	9M FY18	GROWTH (Y-o-Y)
Revenues (incl. other income)	1,494.2	1,152.6	30%	4,424.9	3,440.5	29%
Material Cost						
- Purchases of Stock-in-Trade	1,299.5	995.0	31%	3,799.2	2,956.4	29%
- Changes in Inventories of Finished Goods , Work-in-Progress and Stock-in-Trade	(32.2)	(10.3)	213%	(37.2)	(13.8)	170%

Particulars (Rs. Crore)	Q3 FY19	Q3 FY18	GROWTH (Y-o-Y)	9M FY19	9M FY18	GROWTH (Y-o-Y)
1 Income (Gross Profit)	224.0	161.1	39%	640.8	476.2	35%
Employee Expenses	84.9	76.3	11%	262.9	224.7	17%
Other Expenses	116.9	80.7	45%	340.0	245.3	39%
Add: Share of Profit/(Loss) of Associates	(0.2)	1.4	-117%	(0.2)	(0.3)	-38%
2 EBITDA	25.4	9.5	168%	60.2	28.2	114%
EBITDA Margin (2/1) (%)	11.3%	5.9%	+545 BPS	9.4%	5.9%	+348 BPS
Depreciation	4.7	3.2	49%	13.9	11.5	21%
Finance Cost	9.3	5.3	76%	27.3	13.5	103%
Profit Before Tax	11.4	1.0	994%	19.0	3.2	490%
Tax Expenses	(0.3)	0.1	-333%	(14.8)	0.7	-2283%
3 Profit After Tax	11.7	0.9	1189%	33.8	2.5	1229%
PAT Margin (3/1) (%)	5.2%	0.6%	+466 BPS	5.3%	0.5%	+474 BPS

Note: Income represents Gross profit, which is actual receipt of payment for PDS Multinational Fashions.

Q3 & 9M FY19 FINANCIAL AND OPERATIONAL DISCUSSION

Income during Q3 FY19 stood at Rs. 224 crore, registering an increase of 39% Y-o-Y; 9M FY19 Income higher by 35% to Rs. 641 crore

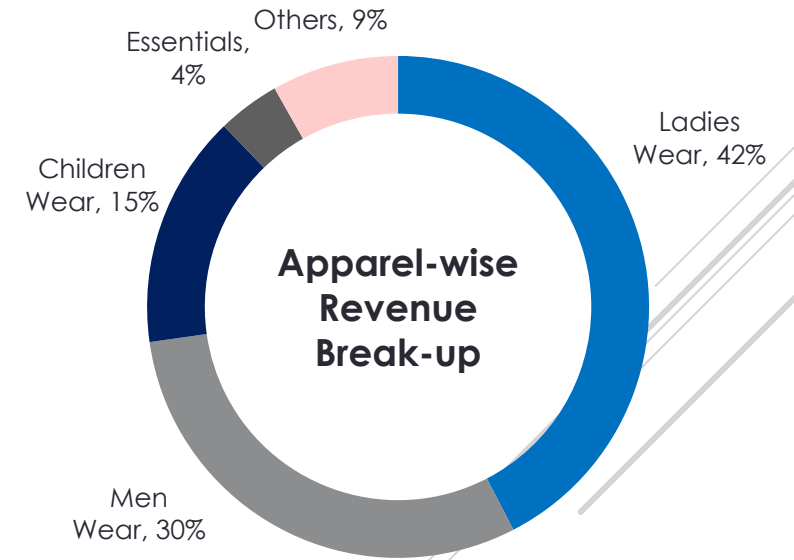
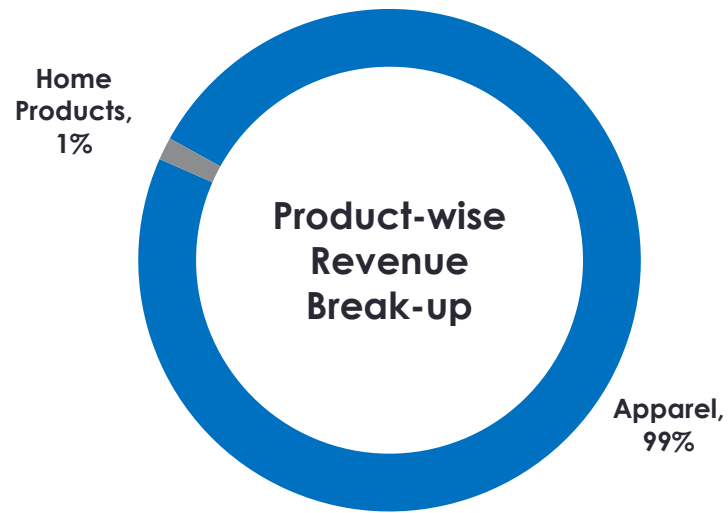
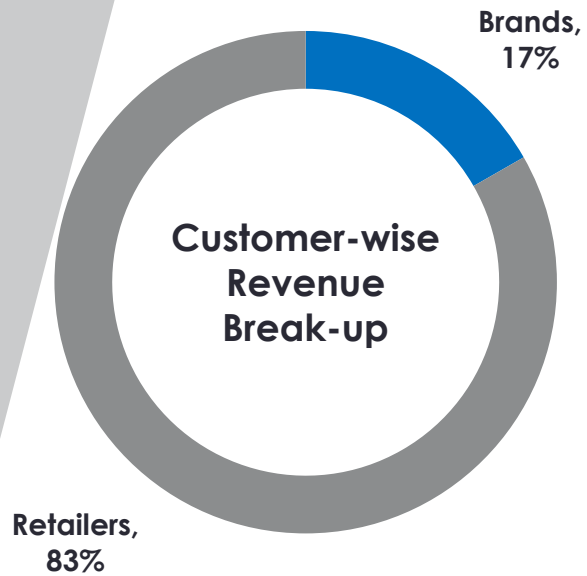
- Despite certain macro-challenges, the Company registered strong client wins during the period under review. Further, higher sales were driven by healthy demand in the key markets of UK and Europe and enhanced manufacturing capabilities
- Customer additions during the quarter stood at 12; 9M FY19 – customer additions were at 21

EBITDA stood at Rs. 25 crore, higher by 168% in Q3 FY19 - EBITDA at 11% of income ; EBITDA in 9M FY19 at Rs. 60 crore

- Combined impact of growth from revenues, increase in gross margins and currency gains positively impacted EBITDA Margin performance
- In Q3 FY19, EBITDA had a one-time impact of Rs. 5.2 crore on account of change in accounting standards in Bangladesh for capitalisation of project expenses

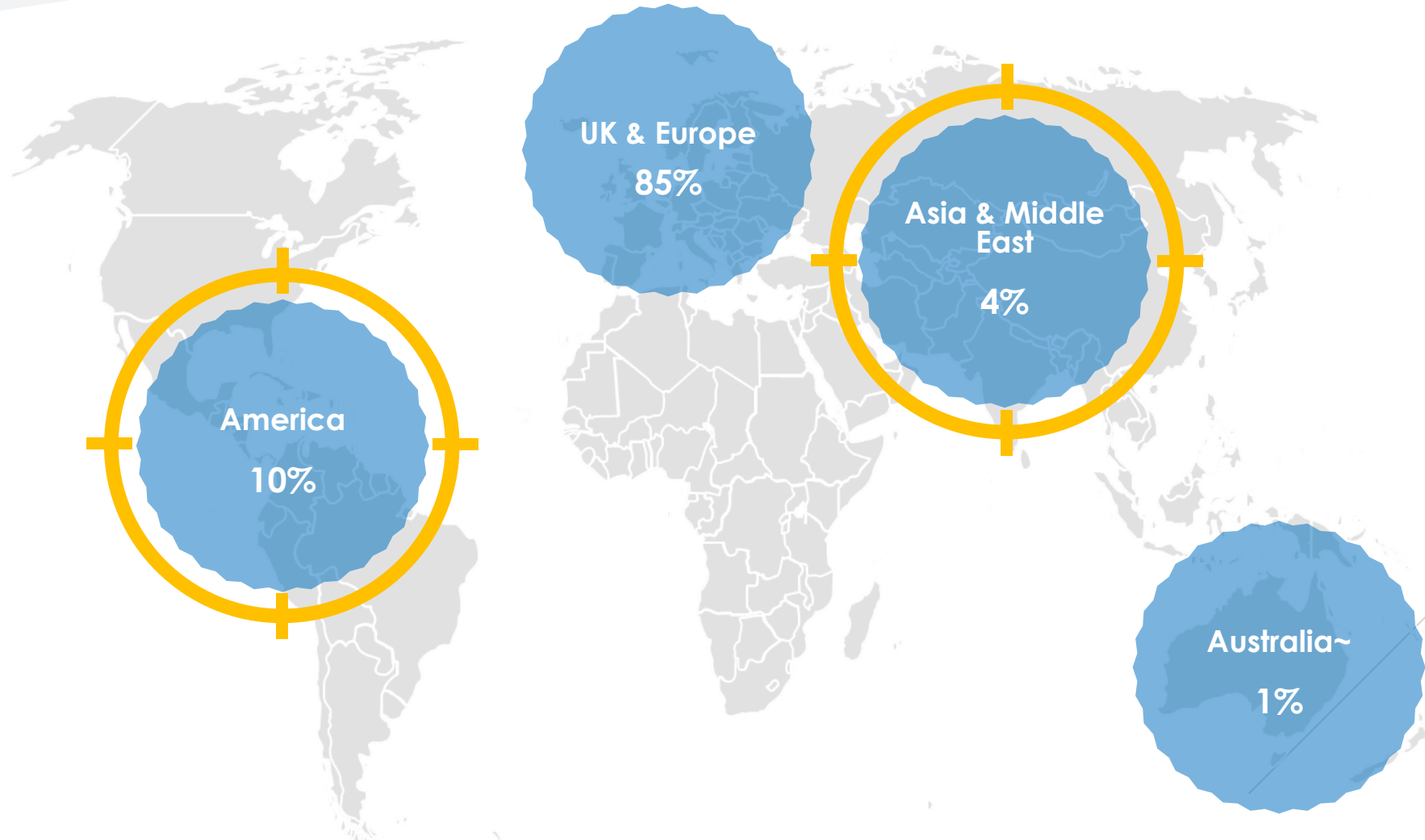
PAT stood at Rs. 12 crore in Q3 FY19; Rs. 34 crore in 9M FY19

KEY METRICS – 9M FY19



Note: * Based on customer locations, reclassified wherever necessary

CUSTOMER PROFILE AS ON DECEMBER 2018 *



 **Strong Focus on Augmenting Market share in the upcoming months**

- *Customers with sales value more than USD 100K
- ~Australia & Others

MANAGEMENT'S MESSAGE



Commenting on the performance, Mr. Pallak Seth, Vice-Chairman, PDS Multinational Fashions, said,

“We are pleased to deliver a robust set of results during the third quarter of fiscal 2019, despite the constantly volatile global retail environment. Our business posted a strong income growth of 39% while our EBITDA more than doubled. We added over 12 new customers across the US and the European markets during the quarter.

Our sourcing business clocked a double-digit revenue growth of 26% in Q3 FY19. This business segment continues to be on a strong footing and is seeing healthy expansion across geographies and customer verticals. On the manufacturing business, the revenues have grown strongly. We continue to receive an encouraging response from our own manufacturing business. The vertical is augmenting our brand visibility, while also consolidating PDS' position as a one-stop-shop providing tailor-made offerings right from sourcing to design to manufacturing products. With the scale up of this business vertical and increased demand across markets, we expect to deliver an improving growth trend in the years ahead.

Overall, we remain focused towards developing an agile diversified business model, upscaling performance from the manufacturing segment and improving outreach to newer clients and geographies. This, will enable us to deliver a healthy and sustained performance, going ahead.”

COMPANY STATISTICS

One of the leading global organizations - strategic sourcing partner and manufacturer to major brands and retailers

» **160+** Global Leading Retailers And Brands As Customers



» **1,700** Associates and **4,000** factory workers worldwide



» **50** Offices Across **18** Countries



» Revenue Stood at Rs. **4,948** Crore in FY18 and Rs. **4,425** Crore in 9M FY19



» Income stood at Rs. **675** Crore in FY18 and Rs. **641** Crore in 9M FY19



» **150** Own designers in key markets



» **0.12** Long-term debt/equity ratio as on March 31, 2018 and **0.14** as on December 31, 2018



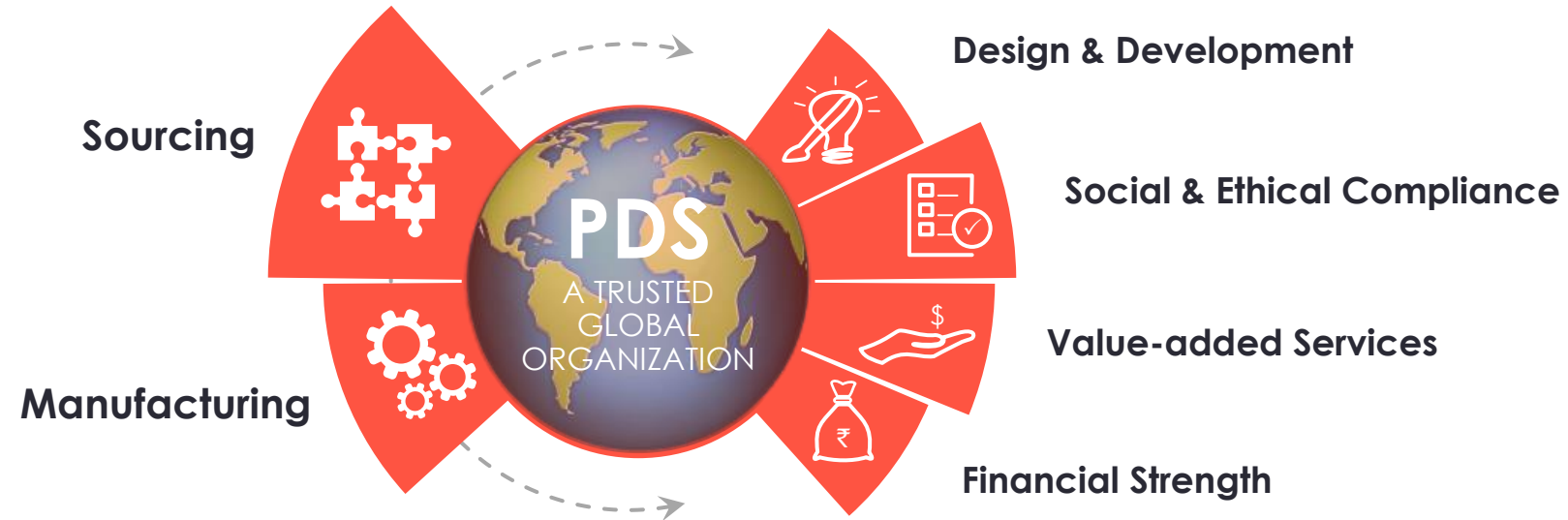
» Operates **2** factories in Bangladesh, **1** factory in Sri Lanka and **1** factory in India



» **25** Customers added in the last 4 quarters



GLOBAL FASHION MANUFACTURING & SOURCING BUSINESS



Company works with ~200 partner factories to deliver more than 1 million units a day across a massive retail customer base

Stringent ethical standards – PDS Group handles social audit and compliance of all its partner factories

THE PDS EDGE

Design & Product Development

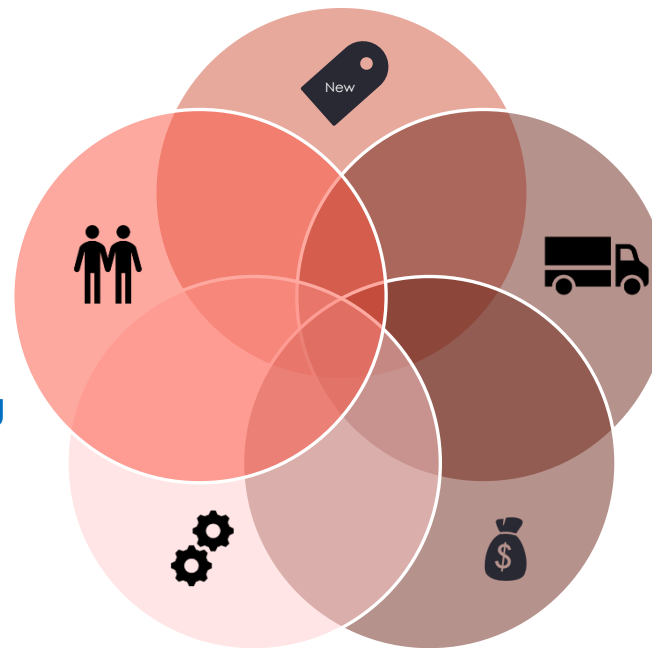
- ▶ 150 designers working on consumer requirements
- ▶ Design Studio's set up in Key Markets
- ▶ Develops over 1,000 new styles/ month
- ▶ Design Centers in key sourcing locations

People

- ▶ 1,700 Associates and 4,000 factory workers worldwide
- ▶ Over 70% focused on Sourcing, Quality Control and Merchandising

Sourcing, Manufacturing & Marketing

- ▶ Established association with an extensive number of manufacturers in countries including Bangladesh, Cambodia, China, India, Myanmar, Pakistan, Sri Lanka, Turkey
- ▶ Strong connect with leading retailers & brands across the globe
- ▶ Setting up Manufacturing facilities to have better control over supply chain and improve customer service



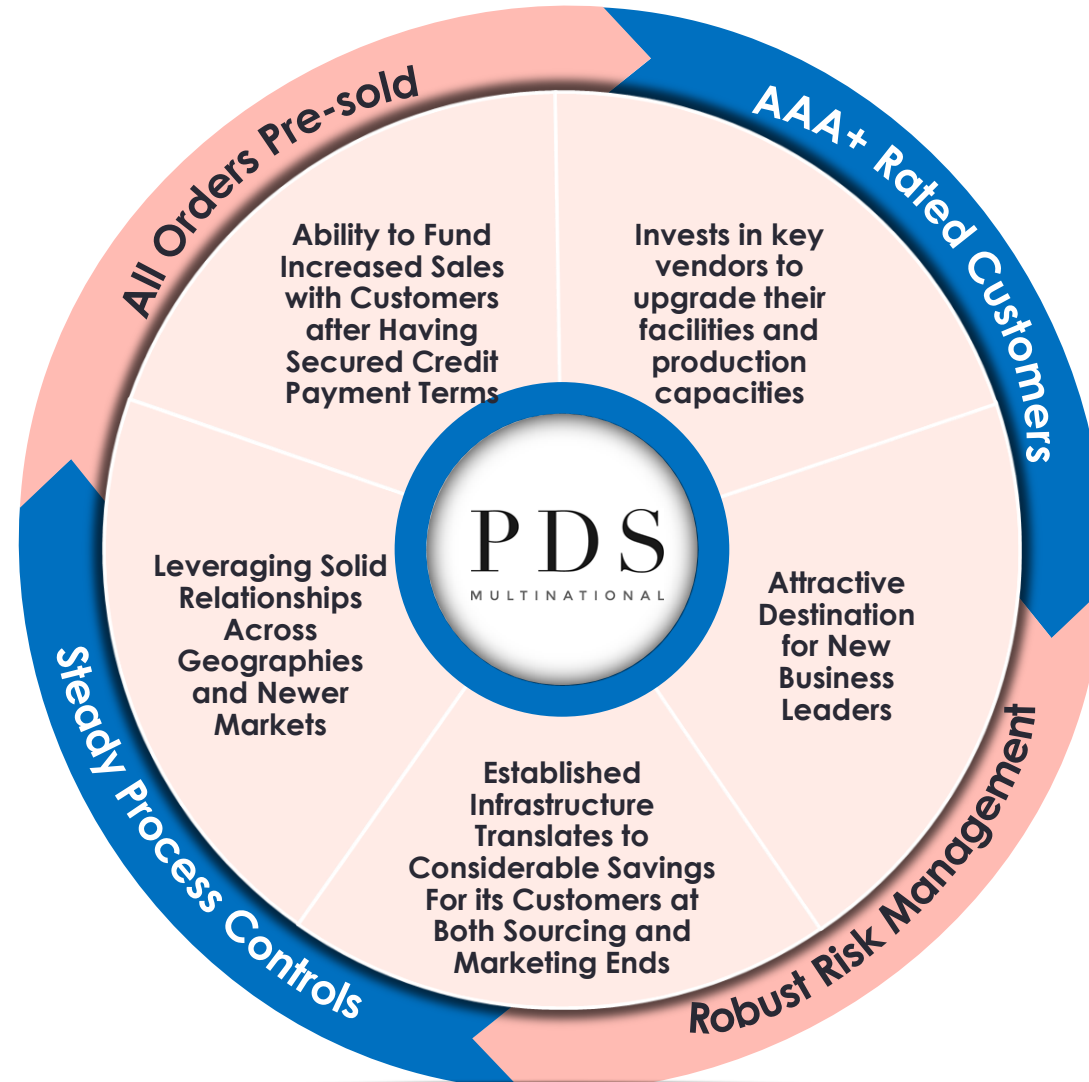
Logistics & Supply Chain

- ▶ Established logistics and warehousing capabilities
- ▶ Inventory holding and stock management facility
- ▶ Ensures efficient and shorter delivery time

Financial Strength

- ▶ USD 300mn Credit and Working Capital Limits
- ▶ Banking Relationship with leading multinational banks
- ▶ Invested in vendor facilities to have dedicated manufacturing infrastructure

WELL-BALANCED BUSINESS MODEL



ABOUT US

PDS Multinational Fashions Limited

PDS Multinational Fashions Limited is a global organization that is a strategic manufacturing partner to major brands and retailers. In addition to the broad range and diversity of consumer products available through its extensive international sourcing network, PDS Multinational Ltd has strength and expertise in custom product design and development to provide total global sourcing solutions for its customers. The Company was established four decades ago by Mr. Deepak Seth and is currently helmed by the second generation of promoter family.

PDS Multinational Fashions Ltd operates a vast global network covering over 31 offices, 18 countries and over 1,700 Associates and 4,000 factory workers across UK, Europe, Americas and Asia. The Company has implemented a strong global compliance program and has set a Zero Tolerance Violation and Critical Violation policy that aims at improving end-to-end transparency and visibility.

For more information, visit www.pdsmultinational.com

For further information, please contact:

Chandra Sekhara Reddy, Company Secretary,

PDS Multinational Fashions

Tel: +91 80 6765 3030

E-mail: bcs.reddy@psdmultinational.com

Gavin Desa / Shikha Kshirsagar

CDR India

Tel: +91 22 6645 1237/ 6645 1243

Email: gavin@cdr-india.com

shikha@cdr-india.com

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THANK YOU